

Payment Provisions

The purpose of this Exhibit is to define the basis for payment of services that will result from this Contract. Payment shall be made in accordance with the conditions described in this Exhibit. Included under the conditions described are conditions precedent to Contractor payment which require receipt of specific goods or services before release of payment, as set forth in this Exhibit.

1. Invoicing and Payment

- A. For services satisfactorily rendered, and upon receipt and approval of the invoices, the State agrees to compensate the Contractor for actual expenditures incurred in accordance with the rates specified herein.
- B. Invoices shall include the Agreement Number and shall be submitted in triplicate not more frequently than monthly in arrears to:

Department of Health Services
Provider Rate Section
Attn: Bud Lee, Chief
1501 Capitol Avenue, Suite 71.4001
MS 4600
P.O. Box Number 942732
Sacramento, CA 94234-7320

- C. Invoices shall:
 - 1) Be prepared on company letterhead;
 - 2) Bear the Contractor's name as shown on the agreement;
 - 3) Identify the billing and/or performance period covered by the invoice;
 - 4) Identify the Department's acceptance of the report or other deliverables;
 - 5) Identify the Project covered by the invoice;
 - 6) Itemize timesheets required for any Special Consultative Services hours billed to the Department and should include the name of the consultant, category of service provided, date of service, hours charged, identification of the engagement agreement document; and
 - 7) Be signed by an authorized official, employee or agent certifying that the expenditures claimed represent actual expenses for the services performed under the contract.

2. Budget Contingency Clause

- A. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement.
- B. If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, the State shall have the option to either cancel this Agreement with no liability occurring to the State, or offer an agreement amendment to Contractor to reflect the reduced amount.

3. Prompt Payment Clause

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.

4. Timely Submission of Final Invoice

- A. A final undisputed invoice shall be submitted for payment no more than ninety (90) calendar days following the expiration or termination date of this agreement, unless a later or alternate deadline is agreed to in writing by the program contract manager. Said invoice should be clearly marked "Final Invoice", thus indicating that all payment obligations of the State under this agreement have ceased and that no further payments are due or outstanding.
- B. The State may, at its discretion, choose not to honor any delinquent final invoice if the Contractor fails to obtain prior written State approval of an alternate final invoice submission deadline. Written State approval shall be sought from the program contract manager prior to the expiration or termination date of this agreement.

5. Conditions Precedent to Payment

The conditions described in this Exhibit shall be considered conditions precedent to Contractor payment for receipt of specific goods or services required by this contract. Payment will be made under the contract, resulting from this RFP, for the completed work described in the required Monthly Work Summary Reports.

When submitting required Monthly Work Summary Reports, Contractor shall assess and certify the extent to which progress has or has not been made toward meeting all goals, objectives, functions, tasks, activities, deliverables, project milestones, and completing all data reports, tables/graphs, and statistical analyses/correlations required for each project. If satisfactory progress has not been achieved, it shall be so indicated as part of a supplemental explanation of deficiencies and a plan to achieve satisfactory progress shall be included.

In the event Contractor fails to address all deliverable and performance objective requirements for any project – including not addressing all goals, objectives, functions, tasks, activities, deliverables, and project milestones required - payment will not be made by DHS until the report fully addresses these requirements.

In the event Contractor addresses, but fails to fully meet/complete all deliverable and performance objective requirements for any project – including Contractor's addressing but not meeting/completing all goals, objectives, functions, tasks, activities, deliverables, or not meeting/completing the required number or percentage of project milestone activities required, then Contractor shall be paid fifty-percent (50%) of the maximum amount payable for a Monthly Work Summary Report.

6. Required Certification

Required Reports shall include a certification signed by the Contractor's Representative or authorized agent stating that all contractual requirements have been met and that satisfactory progress has been made toward meeting all goals, objectives, functions, tasks, activities, deliverables, and project milestones required for the Report period. In the event that contractual requirements or satisfactory progress has not been met, the Contractor's supplemental explanation of deficiencies and plan to achieve satisfactory performance shall also be signed by the Contractor's representative or authorized agent.

7. Monthly Work Summary Reports

The Monthly Work Summary Reports shall address all deliverable requirements and performance requirements (i.e. all goals, objectives/deliverables, functions, tasks, activities, and project milestones) for each project including, but not limited to, the services to be performed in Exhibit A, Scope of Work. Monthly Work Summary Reports are due to DHS no later than fifteen (15) calendar days after the end of each calendar month.

8. Monthly Work Summary Report Invoicing

Contractor shall invoice DHS for each Report no sooner than thirty (30) calendar days after submission.

Contractor shall also provide with each monthly work summary report invoice a Budget Detail attachment showing all Contractor's expenses for the month and actual cumulative expenses for the state fiscal year (SFY) utilized for the Operations portion of each project. The monthly Budget Detail attachment shall include the breakdown of Contractor's project-related costs for: i) each project personnel position; ii) fringe benefits; iii) each operating expense line item; iv) each equipment item; v) each subcontractor; vi) travel; vii) each other cost line item; and viii) indirect expenses included in Contractor's budget detail for the SFY approved by DHS.

9. Payment of Monthly Work Summary Report Invoices

After DHS' thirty (30) day review period, DHS shall begin payment processing for either:

- A) the maximum amount payable provided: i) the Report has met all deliverable and performance objective requirements; and ii) the Budget Detail attachment for monthly and cumulative expenses is accurate and complete; or
- B) fifty-percent (50%) of the maximum amount payable if: i) the Report has not met all deliverable and performance requirements for the report period; or ii) the monthly and cumulative Budget Detail is not attached or is not accurate or complete.

Payment of the unpaid balance of contractor's invoice for a monthly work summary report will be made when either of the following conditions are met:

- A) a revised Report submitted by Contractor shows that all deliverable and performance requirements have been met and/or the Contractor has submitted the monthly and cumulative Budget Detail attachment for the report period which is accurate and complete; or
- B) i) a subsequent Report submitted by Contractor documents that all deliverable and performance requirements for the outstanding report period have been met in a subsequent report period; and/or
ii) Contractor has submitted the monthly and cumulative Budget Detail for the outstanding month which is accurate and complete.

DHS shall communicate to the Contractor in writing that the outstanding deliverable and performance requirements have been met in a subsequent Report and/or that the accurate and complete monthly and cumulative Budget Detail for the outstanding month has been received, prior to processing the balance of payment.